

BIS Decision Document – Steel Duty Exclusion Request

EXCLUSION REQUEST NUMBER: BIS-2018-0006-0034

Summary:

- Requester: **Borusan Mannesmann Pipe U.S. Inc. ("BMP")**
- Product description:
Welded casing used in drilling for oil or gas of iron or nonalloy steel, with an outside diameter of 9.625", with a wall thickness of 11.99 mm.
- HTSUS: **7306292000**

Analysis:

The Bureau of Industry and Security ("BIS") has received a request, referenced above, to exclude certain steel articles from the duties initially imposed by the President in Presidential Proclamation 9705 of March 8, 2018 ("Proclamation"), in exercise of his authority to adjust imports under Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862). The Proclamation authorized the Secretary of Commerce, in consultation with other executive branch agencies as appropriate, to provide relief from the additional duties imposed, upon request by a directly affected party, for: 1) any steel article determined not to be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality or 2) based upon specific national security considerations.

The above-captioned request for relief ("exclusion request") has met the requirements for consideration as a "complete submission" under Supplement No. 1 to 15 CFR Part 705.

BIS has considered the evidence provided, including in the exclusion request as well as any applicable objection filings and its report to the President of January 11, 2018, has solicited and taken into account analysis provided by the International Trade Administration (ITA), and assessed other interagency comments as applicable.

In examining whether the relevant steel article is produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality, ITA recommends finding, based on all of the evidence presented, that the product referenced in the above-captioned exclusion request is produced in the United States in a sufficient and reasonably available amount and of a satisfactory quality, and recommends denying the request for an exclusion.

BIS accepts ITA's recommended findings as to the domestic availability of the product, and finds that no overriding national security concerns require that this exclusion request be granted notwithstanding the domestic availability.

Final Recommendation:

The Bureau of Industry and Security recommends that the above-captioned exclusion request should be denied. This denial is without prejudice and the requester may file a new exclusion

request for this product if, for example, new or different facts or circumstances exist which meet the criteria for approving an exclusion request.

DECISION ON EXCLUSION REQUEST BIS-2018-0006-0034

_____ I approve denying this exclusion request.

_____ I do not approve denying this exclusion request.

_____ I would like to discuss.

Matthew S. Borman

Deputy Assistant Secretary of Export
Administration


Date

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BIS-2018-0006-0031 - BMP US Carbon and Alloy Pipe and Tube - HTS 7306292000 - Objection 3

This is a Comment on the **Bureau of Industry and Security (BIS)** Other: **EXCLUSION DENIED - BMP US Carbon and Alloy Pipe and Tube - HTS 7306292000**

For related information, [Open Docket Folder](#) 

Comment

Zekelman Industries plant in Blytheville, AR is capable of making this product in J55 or upgradeable product. The Blytheville mill has run OCTG products for many years until its idling in late 2015 due to oversupply by imports.

Attachments (1)

[BIS-2018-0006-0031 - Objection 3 - Zekelman Industries Inc.](#)

View Attachment: 

ID: BIS-2018-0006-3712

Tracking Number: 1k2-930e-9e5r

Document Information

Date Posted:

May 17, 2018

RIN:

Not Assigned

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Submitter Information

Submitter Name:

Randy Boswell

Objection Filing to Posted Section 232 Exclusion Request: Steel

Objection Filing Requirements: Any individual or organization in the United States may file an Objection to an Exclusion Request. Where relevant, organizations must provide factual information on 1) the steel products that they manufacture in the United States, 2) the production capabilities at steel manufacturing facilities that they operate in the United States; and 3) the availability and delivery time of the products that they manufacture relative to the specific steel product that is subject to an Exclusion Request. For an Objection Filing to be considered, it must be submitted as an electronic document using this Excel-based template. Paper submissions will not be accepted.

Organizations submitting an Objection Filing on an Exclusion Request should provide specific information, as relevant, on the product that their company can provide that is comparable to the steel product that is the subject of the Exclusion Request. This information should include 1) discussion on the suitability of its product for the application identified by the Exclusion Requestor, and 2) a full technical description of the properties of the product it manufactures relative to specifications provided in the Exclusion Request posted on regulations.gov, including information on dimensions, strength, toughness, ductility, magnetic permeability, surface finish, coatings, and other relevant data.

A separate Objection Filing must be submitted on each Exclusion Request, citing the specific steel product and dimension covered in the request posted on regulations.gov. All applicable question blocks in this form must be completed for the Objection Filing to be accepted for consideration. Organizations electing to attach supporting documents must provide a single submission only in PDF format that must not exceed 25 pages in total. All information submitted in the Exclusion Request is subject to public disclosure. Do not provide sensitive Personally Identifiable Information.

Organizations should upload their Objection Filing covering a single steel Exclusion Request to the corresponding Exclusion Request on <https://www.regulations.gov/> under Docket Number BIS-2018-0006. An Objection Filing must be submitted to regulations.gov no later than 30 days from the date the Exclusion Request is posted in regulations.gov. Processing of the Exclusion Request, including consideration of Objection Filings, will take approximately 90 business days. When Exclusion Requests are approved, notification will be made on regulations.gov. For questions related directly to completing this form, contact BIS via email (steel232@bis.doc.gov) or telephone (202-482-5642).

Instruction: State the name, address, and related contact information for the organization submitting the Objection Filing. Provide the same information for the Exclusion Requestor that is the subject of this Objection Filing, relying on information in the request notice posted on regulations.gov. Also provide the regulations.gov identification number issued for the submitter of the Exclusion Request, the HTSUS code for the steel product, and annual quantity of imported steel product at issue. This information is found in the Exclusion Request document posted on regulations.gov.

Organization Filing Objection to Requested Exclusion

Full Organization Legal Name	Zekelman Industries Inc.
Street Address	227 W Monroe Street
City	Chicago
State	Illinois
Zip Code	60606
Headquarters Country	United States
Point of Contact Name	Randy Boswell
Phone Number	312-275-1610
E-mail Address	randy.boswell@zekelman.com
Web Site Address	www.zekelman.com

Organization Requesting Exclusion

Full Organization Legal Name	Borusan Mannesmann Pipe US Inc
Street Address	363 N Sam Houston Parkway East, Suite 630
City	Houston
State	Texas
Zip Code	77060

regulations.gov Identification #	BIS-2018-0006-0043	10-Digit HTSUS Code	7306292000	Annual Exclusion Quantity Requested (Kilograms)	3,500,000 kg
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Identify the reasons your organization objects to an Exclusion Request being granted to the applicant cited above. Written comments may be submitted (not required) to supplement information that your organization has provided in the Objection Filing form on the Exclusion Request, but total attachments may not exceed 25 pages. Organizations making an Objections Filing should identify factual problems that they encounter in the Exclusion Request (e.g., product description).

1.b	Indicate what type of order the Exclusion Request that is the subject of the Objection Filing would pertain to:	Standard Product
Comments	The product is listed as OCTG 5.5 J55 Casing, but they outline in their comments that this is also used as a green tube to be upgraded to L80 or P110. Our substitute product listed below is a green tube for upgrade from our Niles plant. The Blytheville plant can make either green tube or J55.	

1.c	Is the steel product type identified in the Exclusion Request <u>currently manufactured</u> by your organization in the United States, or can it immediately be made (within 8 weeks) by your organization, in a company-owned plant in the United States? If "Yes" identify the location(s) of your steel production facilities in the United States.	-Yes/No-	City	State	Current Annual Plant Production Capacity (mt)	% Plant Utilization Current
		Yes	Warren	Ohio	200,000 mt	80%
1.d	This organization does not currently manufacture the identified steel product, but can produce the product identified in the Exclusion Request within the following time period at the following facilities:	Days	City	State	Current Annual Plant Production Capacity (mt)	% Plant Utilization Current
		180	Blytheville	Arkansas	300,000 mt	40%
Comments	This plant is not currently API certified nor does it make green tube. However the plant has the capability to make both green tube now and API product pending the certification process.					
1.e	Does this organization currently manufacture, or can immediately manufacture (within 8 weeks), in a company-owned plant located in the United States a <u>substitute product</u> for the identified steel product that has similar form, fit, function, and performance? If "Yes" identify the location(s) of your steel production facilities in the United States, current plant capacity and utilization	-Yes/No-	City	State	Current Annual Plant Production Capacity (mt)	% Plant Utilization Current
		Yes	Niles	Ohio	90,000 mt	65%
1.f	This organization does not currently manufacture the identified steel product, but can make a <u>substitute product</u> that has similar form, fit, function, and performance within the following time period at the following facilities:	Days	City	State	Current Annual Plant Production Capacity (mt)	% Plant Utilization Current
Comments						

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Objection Filing to Posted Section 232 Exclusion Request: Steel - Continued															
2.a	Select "Yes" for any assertions identified in the Exclusion Request that your organization is challenging:	No Production Capacity					Yes		Product Quality			Shipping Time			
		Insufficient Volume							Unique Steel Product			Other (specify here)			
2.b	Discuss 1) the suitability of your organization's steel product compared to that identified by the Exclusion Requestor, and 2) provide a full technical description of the properties of the product it manufactures relative to specifications cited in the Exclusion Request posted in regulations.gov. This description must include information on dimensions, plus performance factors such as strength, toughness, ductility, magnetic permeability, surface finish, coatings, and other relevant data.														
	We can manufacture OCTG to 5.5"OD to J55 and in green tube suitable to upgrade to OCTG L80 and P110. The product is to an industry standard specification and will perform to the specification listed in exclusion request.														
2.c	State the chemical composition of the specific steel product that your organization can manufacture at a company-owned production facility located in the United States. Numbers may appear rounded, but full values will be stored.														
	Chemical Composition														
	Chemical	Aluminum	Antimony	Bismuth	Boron	Carbon	Chromium	Cobalt	Copper	Iron	Lead	Manganese	Molybdenum	Nickel	
	Minimum %	0.02%			0.00%	0.24%	0.20%		0.16%			1.20%	0.06%	0.10%	
	Maximum %	0.08%				0.28%	0.35%		0.20%			1.40%			
	Chemical	Niobium	Nitrogen	Phosphorous	Selenium	Silicon	Sulfur	Tellurium	Titanium	Tungsten	Vanadium	Zirconium	[Other - List Below]	[Other - List Below]	
	Minimum %	0.01%	0.01%	0.02%		0.15%	0.01%		0.03%		0.01%				
	Maximum %	0.04%	0.01%	0.02%		0.35%	0.93%		0.04%		0.02%				
	Comments:														
	2.d	Provide the following information on the single steel product that is the subject of this Objection Filing: 1) dimensional information covering the single steel product subject to the Exclusion Request; 2) performance data for tensile strength, yield strength, hardness impact, shear and test temperature. Numbers may appear rounded, but full values will be stored.													
Steel Product Specifications (Millimeters)						Strength			Toughness (If Applicable)						
		Thickness	Inside Diameter	Outside Diameter	Length	Width	Height	Tensile Strength Mega Pascal (MPa)	Yield Strength Mega Pascal (MPa)	Hardness (specify method below - Brinnell, Rockwell, Vickers, etc.)	Test Type	Drop-Weight Tear Testing	Impact (Charpy) Testing	Other (specify type in comment box)	
										N/A					
										Temperature (°C)					
Minimum		7.72 mm	Not required	139.7 mm	9906 mm	N/A	N/A	524 MPa	383 MPa		Joules				
Maximum		7.72 mm		139.7 mm	14640 mm			763 MPa	548 MPa		% Shear				
Comments:															
2.e	Provide the following information on the single steel product that is the subject of this Objection Filing: 1) performance data for ductility, magnetic permeability, surface finish; and 2) metal coating process, material type, weight, and thickness. Numbers may appear rounded, but full values will be stored.														
		Global Ductility		Local Ductility (If Applicable)		Magnetic Permeability (If Applicable)		Surface Finish (If Applicable)		Coating Type and Composition (If Applicable)					
		Elongation %	Reduction -in-Area %	Hole Expansion %	Bendability (Bend Radius/Sheet Thickness [millimeter])	Magnetic Permeability [Epstein Test]	Magnetic Permeability [Greer Lab Method]	Stacked Wide Sheet [ASTM A804/ A804M-04 (2015)]	Profilometer - [SAE J911]	Coating Method	Coating Product Name and Abbreviation	Composition (e.g., Zn, Al, Si, Mg, other intentionally added elements or alloys)	Weight [Grams per Sq. Meter]	Coating Thickness [micrometers]	
	Minimum	21%			N/A	N/A	N/A	N/A	N/A	Other (specify; e.g. painted)	Temporary Varnishing	Acetone, Butyl Acetate, Toluene, Xylene, Ethyl	150	10	
	Maximum	39%			N/A	N/A	N/A	N/A	N/A				350	25	
Select any additional processing methods used:										Other (specify)					
Comments:															
Continued On Next Page															

Objection Filing to Posted Section 232 Exclusion Request: Steel - Continued

3.a	What percentage of the total steel product tonnage requirement covered under the Exclusion Request that is the subject of this Objection Filing can your organization manufacture at its U.S. plants on a timely basis?	100%
3.b	State the number of days required by your organization to ship from its U.S. manufacturing plant the steel product covered by this Exclusion Request from the time the purchase order is received:	75
3.c	State the number of days required to manufacture the steel product covered by this Exclusion Request from the time a binding purchase order is received:	5
3.d	State the delivery time in days for the steel product covered under this Exclusion Request from the time it is shipped from your manufacturing plant to the Exclusion Requestor's loading dock:	10
	<div style="display: flex;"> <div style="width: 10%; text-align: right;">Comments:</div> <div>In answering question 3.b through 3.d we used the logic as follows: We assumed 500 ton minimum deliveries. 3.b We assumed that lead time to get raw material for the purchase order is ~60 days. 3.c the manufacture time includes coil slitting and pipe manufacture. 3.d The time to ship is predicated on shipping via rail. this time could be reduced if shipped via truck.</div> </div>	
3.e	Identify the reasons your organization objects to an Exclusion Request being granted to the applicant. Written comments may be submitted (not required) for each of the reasons your organization has cited in the Objection Filing form. Organizations filing Objections should identify factual problems in the Exclusion Request (e.g., product description).	
	<div style="display: flex;"> <div style="width: 10%; text-align: right;">Comments:</div> <div></div> </div>	
3.f	Has the organization making the Exclusion Request asserted that there is no capability in the United States to manufacture this type of steel product it requires? If "Yes" provide comments in the space below.	No
	Has the Exclusion Requestor supported its assertion of product uniqueness with engineering and scientific data, or independent laboratory tests results?	No
	Does your organization have technical data to disprove the assertions of the Exclusion Requestor? If "Yes" provide comments in the space below, or in attachments.	Not Applicable
	<div style="display: flex;"> <div style="width: 10%; text-align: right;">Comments:</div> <div></div> </div>	
3.g	Has the organization making this Objection Filing within the last two years attempted to sell, or successfully sold, the steel product described in the Exclusion Request to the exclusion requestor previously?	Yes
	Does your organization manufacture a steel product similar to that cited in the Exclusion Request for which it has asked to Exclusion Requestor, within two years of the filing of the Exclusion Request, to perform a formal technical qualification to determine equivalency in form, fit, function and performance?	No
	Did the Exclusion Requestor accept or reject the request to perform a formal technical qualification?	Not Applicable
	<div style="display: flex;"> <div style="width: 10%; text-align: right;">Comments:</div> <div>We have contacted Borusan about being a supplier of green tube and API product outside their current US production capabilities. We did not get to a formal process as they were not interested until they learned the outcome of their exclusion requests.</div> </div>	
I have additional information to provide that is proprietary or otherwise business confidential that is relevant and necessary to this submission:		Yes

Instruction: This Objection Filing must be submitted by an organization official authorized to certify the document as being accurate and complete.

CERTIFICATION

The undersigned certifies that the information herein supplied in response to this questionnaire is complete and correct to the best of his/her knowledge. **It is a criminal offense to willfully make a false statement or representation to any department or agency of the United States Government as to any matter within its jurisdiction.** [18 U.S.C. 1001 (1984 & SUPP. 1197)]

Company Name:	Zekelman Industries Inc		
Name of Authorizing Official:	Randy Boswell	Title of Authorizing Official	President - Wheatland Energy Tubulars
Phone Number:	312-275-1610	Email of Authorizing Official:	randy.boswell@zekelman.com
If the Point of Contact is different from the Authorizing Official provide point-of-contact information below.			
Point-of-Contact Name:	Randy Boswell	Title	President - Wheatland Energy Tubulars
E-mail Address:	randy.boswell@zekelman.com	Phone Number	312-275-1610

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